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Report Highlights:

On December 31, 2009, China's Central Committee of the Communist Party and the State Council released the annual "Document No. 1," which outlines the Central Government's plans to address a range of rural issues in the upcoming year. This document reaffirms China's emphasis on increasing rural incomes through investment in infrastructure, price supports, subsidies, and other transfers to the rural sector. This report contains an UNOFFICIAL translation of the document.

Executive Summary:

On December 31, 2009, China's Central Committee of the Communist Party and the State Council released the annual "Document No. 1," which outlines the Central Government's plans to address a range of rural issues in the upcoming year. Document No. 1 reaffirms China's emphasis that the "San Nong Wenti" (three rural issues: agriculture, farmers, and rural areas) are a priority for the Party. Paragraphs of importance include: paragraph 2 - subsidies; 3 - rural financial services; 6 - stable development of cereal grains 10 - agricultural technological innovation and extension; 11 - wholesale markets; 19 - land

administration (i.e. protecting farmland); and 24 - trade. This report contains an UNOFFICIAL translation of the document.

General Information:

BEGIN TRANSLATION

**No. 1 Document of 2010 of CPC Central Committee and the State Council
Regarding Proposals on
Strengthening the Efforts of Coordinative Urban-Rural Development and
Further Consolidating the Basis of Agricultural and Rural Development**

Issued on: Dec. 31, 2009

The year of 2009 is the most difficult year for China's economic development since the new century. Despite of serious impacts brought by the international financial crisis which is rarely seen in history, the challenges of grave natural disasters and the negative influences of abnormal fluctuations in international and domestic markets of agriculture products, under the firm leadership of the CPC Central Committee and the State Council, thanks to joint efforts from various regions and departments, we have successfully coped with these difficulties and challenges. The overall situation of agricultural and rural development has been kept prominent. We gained a harvest year of grain production, which is an increase for six successive years. The employment rate of migrant workers recovered quickly, and the income of farmers' increases, a growth for six successive years. The collective forest tenure reform has been progressed and advanced in full scale, and new breakthroughs been made in rural institutional innovation. Construction of water supplies, power supplies, roads, gas supplies and housing in rural areas continue to be enhanced and the conditions of production and life in rural areas improved significantly. Rural education, health service and social security system continue to be improved, resulting in notable improvement in rural livelihood. The grassroots organizational construction in rural areas was further strengthened, and social stability in rural areas has been well maintained and harmonious. These accomplishments have gained favorable strategic advantages for CPC and the State in tackling the challenges and have provided essential support to China's efforts in ensuring economic growth and safeguarding people's livelihood.

Currently, China's agriculture becomes increasingly open to the international market. The linkage between rural and urban economies has been enhanced significantly; climate change is having a growing impact on agriculture. While there are many favorable conditions and positive factors for agricultural and rural development, we are also facing growing challenges of various kinds, both traditional and non-traditional. In this changing development environment, further growth and upgrading of agricultural production is confronted with more and more constraints; the level of difficulty in keeping a relative rapid income growth for rural residents becomes bigger and bigger; the demand on transforming the pattern of agricultural development is becoming increasingly high; and the task of breaking the rural-urban dualist

structure increasingly arduous. All CPC members must have a concept of preparedness so as to prevent any oversight and loosing up on the work of the “three rural issues” (namely agriculture, farmer and rural area, also known as San Nong Wenti in China). All efforts should be made to prevent decline of grain production, avoid fluctuation of farmers’ income, and keep the good impetus of agricultural and rural development in the right direction. We must keep the “three rural issues” as “first top priority among others” in the Party’s work, stabilize and improve the CPC’s basic policies in rural areas, give particular attention to strengthening the infrastructure for agriculture and rural development, establish and improve market-based services for agriculture at the grassroots level, strengthen rural organizations centered by the Party organization, build a solid foundation for rural and agricultural development, and promote coordinated industrialization, urbanization and agricultural modernization, so as to achieve integrated economic and social development in urban and rural areas.

The overall requirement for rural and agricultural work in 2010 is as follows: fully implement and adopt the concept and requirements as so specified at the 17th National Party Congress and the 3rd and 4th plenary sessions, as well as the Central Economic Work Conference; hold high the banner of socialism with Chinese characteristics, use Deng Xiaoping Theory and the thoughts of “three represents” as our guidance and deepen the studies and practices of the Scientific Outlook on Development. Making coordinated development of urban and rural areas as a fundamental requirement in building the all-round well-off society (“xiaokang”); making the improvement of rural livelihood as the important contents of adjusting the distribution patterns of the national revenue; making the enhancement of demands from rural areas as the key measures to spur domestic demands; making the development of modern agriculture as the important mission of transforming economic development patterns; making the construction of new socialism countryside and promotion of urbanization as the long-lasting impetus of maintaining stable and rapid economic development. By following the basic concept which aims to stabilize grain production to ensure supply, increase farmers’ income to benefit their life, deepen reforms to promote overall planning and strengthen basis to increase development impetus, we spare no efforts in doing a good work in agriculture and rural areas and continue to make new contributions to the success of reform, development and stability.

I. Improving the policy system that supports and benefits farmers to promote resource elements allocation to rural areas.

1. Continue to increase investments from the state to agriculture and rural areas. Total funding for “three rural issues” will keep increasing, and its share in government budget will gradually increase as well. Expenditures for agriculture and rural development will be a priority in government spending; in-budget investment on fixed asset should give priority to agricultural infrastructure and rural livelihood projects; for land transfer revenues, a priority area of spending is agricultural land development and rural infrastructure. Public spending on agriculture at all levels of government must grow at a higher rate than the growth rate of regular budget revenues. In-budget fixed asset investment should continue to lean towards major rural and agricultural projects. After the Farmland Occupation Tax rate is raised, all the incremental revenue must be

used on agriculture. The relevant regulations must be strictly followed with regard to the calculation and withdrawal of land transfer revenues for agricultural land development; similarly, the rule that revenues from the new construction land use fee should be used for agricultural land development and rehabilitation must be followed. Inspections should be carried out on the collection and use of all fees for agriculture and rural development. Funding for the development of modern agriculture and comprehensive agricultural development should be increased.

2. Improving the system of agricultural subsidy and mechanism of market adjustment. Direct subsidy for grain-producing farmers will continue. “Improved variety subsidy” will increase, and the coverage of potato subsidy will expand. Improved variety subsidy for highland barley will be initiated, and pilot for peanut improved variety subsidy will be launched. Agricultural machinery subsidy will be further increased, and types of machinery eligible for subsidy expanded – machines for livestock, forestry, and water-saving irrigation will be covered by the subsidy program. The comprehensive agricultural input subsidy dynamic adjustment mechanism will be implemented and improved. While keeping the structure of distribution of the existing level of subsidies unchanged, the new increases in subsidies should be in favor of large grain farmers and specialized farmers’ cooperatives. We shall gradually improve subsidy policies suitable for pastoral, forest and land reclamation areas. Supervision on agricultural subsidies should be strengthened to make sure they are well implemented. It is forbidden to use subsidies for deduction in farmers’ payment of various fees. The minimum purchase price for wheat will be implemented, and there will be further increase in the minimum purchase price for rice. Increase the size of grain storage in grain-selling areas. Adopt an “impromptu purchase and storage policy” for maize, soybean and rapeseed when appropriate, and support enterprises to participate in the purchase and storage. Improve the auction mechanism for agricultural products purchased and stored by the state. Put in place adjustment and control plans for cotton, sugar and pork and ensure a stable market and reasonable price levels for agricultural products.

3. Improve the quality and level of rural financial services. Enhance effectively linkage between fiscal policies and rural financing policies, encourage more credit to be offered to the “three rural issues,” and address financing difficulties in the rural areas. Implement and improve policies such as tax preferences for agriculture-related loans, subsidies for rural financial institutions, and awards for increases in loan issuance. Further improve the financial institutions at the banking sector within the country level and the deposits should be primarily used for issuing loans at the local level. Increase the level of support from financing policy aspect regarding the key areas and weak areas in rural reform and development. Expand areas of support by the Agricultural Development Bank, and vigorously develop medium-and long-term policy lending for agricultural development and rural infrastructure. Actively promote micro-finance for rural areas. Rapidly cultivate the establishment of village and township banks, lending companies and rural credit cooperatives, orderly develop micro-finance organizations, and facilitate the creation of all kinds of new financial institutions to meet the need for agricultural and rural development. Formulate a method for subsidizing the establishment of new financial institutions in remote areas, so as to ensure that there will be

no townships and villages with no financial services in three years. Encourage innovations in financial product and methods of delivery suitable for rural areas, build a better rural credit environment, and improve and strengthen supervision on rural finance. Create a fund for agricultural industrialization. Expand coverage of agricultural insurance in terms of products and regions, and increase central government's subsidies for insurance premiums in the mid-and-western regions. Encourage local governments to provide insurance premium subsidies for high-value agricultural products and rural housing. Develop rural micro-insurance. Improve agricultural reinsurance system and build a publicly funded catastrophe risk mitigation system. Support agriculture-related enterprises to be publicly listed if they meet the necessary conditions.

4. Guide social resources towards agriculture and rural areas. All agencies and sectors should take a proactive approach in serving the needs for agricultural and rural development in favor of rural areas when plans, project development and fund increase are to be made. Large- and medium-sized cities should play an important role in generating spillover benefits for the rural areas. Encourage various sectors of the society to conduct twinning support and provide assistance to villages and take part in the agricultural industrialization and rural public infrastructure development. If enterprises give donations for rural public utilities through charities, the people's governments at and above the county level, or special rural public welfare funds, the portion below 12% of their annual profit will be deducted from taxable income. Relevant agencies should continue to improve the "science and technology, education, culture, and health service for the countryside" systems – encouraging more teachers, more staff from cultural and scientific research institutes and more doctors to provide service in rural areas through measures such as material and honorary rewards, early promotion, and "free training in exchange of service." Improve the agricultural meteorological service system and meteorological disaster prevention system and make the meteorological service play an important role in serving agriculture.

5. Vigorously develop the rural market. Formulate new methods and measures to stimulate rural consumption as needed. Enhance the implementation of the "home appliances, automobiles and motorbikes for the countryside" program, and greatly raise the price ceiling for the eligible home appliances. The 13% subsidy will continue to be applied to products below the price ceiling, and the amount above the ceiling will receive a fixed subsidy. Provinces (autonomous regions, municipalities directly under the central government) are allowed to add one more product to the central government's subsidy program based on local conditions, and subsidy recipients are expanded to include employees of state-owned farms/forest farms. Improve post-sales service, strengthen market supervision, and prevent fake or poor-quality products from flowing into the countryside. Develop modern distribution systems such logistics management, supermarket chains and e-commerce, and support trading companies and postal service to extend to the countryside. Build sales points for consumer goods, agricultural inputs and products. Continue to support the Supply and Marketing Cooperative's New Countryside Modern Distribution Network project, and improve the quality of service of chain stores in rural areas. Encourage rural financial institutions to provide consumption loans to farmers for building houses, purchasing automobiles and home appliances. Increase

lending for opening shops in rural areas.

II. Improving the equipment level of modern agriculture to promote transformation of agricultural development patterns

6. Maintain stable development of the production of agricultural commodities such as cereal grains. While keeping the sowed areas for grains stable, more efforts are needed to optimize the variety mix, increase yield and improve quality. Implement the plan to build production capacity for an additional 100 billion *jin* (50 billion kg) grains and materialize the production as soon as possible. Speed up the creation of the compensation scheme for main grain-producing areas, increase fiscal reward to major grain-producing counties so as to improve the per capita fiscal capacity of these counties. Relevant support policies should lean towards counties (farms) that provide large quantity of commercial grains and contribute greatly to the nation's food security. Further reduce and ultimately eliminate local match fund requirements for grain risk funds in main grain-producing areas. Vigorously develop oil crops by building high quality rapeseed production base counties and peanut production base counties as well as promoting the development of oil trees such as oil tea and walnut. Support the production of cotton and sugar crops in areas with favorable conditions for their production. Continue to implement the "good grain harvest via science and technology" program. Scale up the production of high-yield grain, cotton, oil and sugar crops and cover all agricultural counties (state farms) within this year. Promote professional, unified pest prevention and control. Support reclamation regions to take a lead in developing modern, large scale agriculture, building large agricultural product bases and lead the economic and social development of surrounding areas.

7. Promote standardized production of "vegetable basket products." Implement a new round of "vegetable basket project" and speed up standardized production of horticultural products and large-scale production of livestock and fishery production. Support the construction of scale pig farms (parks) and dairy farms (parks), build demonstration bases for horticultural standardization and healthy fishery production, and promote integrated livestock production and processing. Support the development of breeding systems for livestock and poultry. Strengthen prevention and control of major animal diseases, improve the policy on culling subsidies, improve grassroots animal disease control systems and ensure funding for work in this regard. Increase investment on fishery administration, fishery ports and fishing boat safety devices, carry out artificial releasing of aqua species to increase production, and support ocean fishing. Speed up the development of the agricultural product quality and safety supervision and inspection system, and vigorously develop hazard-free products, green products and organic products.

8. Give priority to water resource infrastructure. Water resource infrastructure should occupy a prominent position in government fixed asset investment. Continue to strengthen the rehabilitation of major rivers and lakes and gradually push forward the rehabilitation of medium and small rivers. Speed up the construction of large- and medium-sized hydro projects and manage well the construction of flood retention areas and the prevention of flash floods. Continue with the construction of water management and water-saving facilities in large irrigation areas and expedite the construction of end-canals. Complete

reinforcement of dangerous dams already included in government plans, and make arrangement for reinforcement of remaining dangerous dams. Launch the reinforcement of large-and medium-sized sluices based on scientific analysis. Expedite the upgrading and renovation of major irrigation pump stations. Expand fundraising channels for water resource projects. Greatly increase the earmarked funds for small irrigation projects from central and provincial governments. Add a number of new counties as priority counties for small irrigation projects. Encourage farmers to voluntarily contribute labor to the construction of small irrigation projects from which they will directly benefit – with government subsidies on a case-by-case basis. Deepen the reform in hydro facility management. Promote farmers' participation in management and increase government support for water-user organizations. Strengthen grassroots service systems for combating droughts, floods, and for other water resource management needs.

9. Vigorously promote the construction of high-standard farmland. Pay attention to quality improvement of farmland, increase investment and make mid-term to long-term policy loans for improving drainage and irrigation, soil rehabilitation and improvement, building roads for mechanized tillage, and building a forestry shelter along farmland. Through these measures, we aim at transforming all the “essential farmland” in the 800 major grain-producing counties into high-standard farmland and building reliable production bases for commercial grains. Continue to increase investment on comprehensive agricultural development and rural land rehabilitation, and make steady progresses in the rehabilitation of low yield land. Expand the size and coverage of subsidies for fertilizer application based on soil testing. Promote conservation tillage, carry out dry land agriculture demonstration, and provide subsidies to the application of dry land agriculture technologies.

10. Increase capacity in agricultural technological innovation and extension. Put emphasis on the breeding of good varieties and speed up the creation of good variety extension system. Continue to implement the special programs on cultivating new varieties with genetically modified organisms and develop functional genes and new varieties with high applied values and intellectual property rights. Promote industrialized production of genetically modified species on the basis of scientific evaluation and relevant laws and regulations. Promote mergers and acquisitions of domestic seed companies and guide seed companies to join hands with research institutes so as to foster large seed enterprises with core competitiveness. Cultivate leading talents in agricultural technology, and develop alliances among universities, research institutes and enterprises. Make more efforts in building major agricultural research laboratories and engineering technology centers. Implement the “science and technology for rural entrepreneurship” initiative, “science and technology for enriching farmers and strengthening counties” program, and “science education to benefit farmers and boost village economy” program. Create and strengthen township or regional agricultural extension agencies and increase the number of demonstration counties for agricultural extension reform. Actively promote the development of diverse, market-based extension organizations. Launch the “special position in grassroots agricultural extension” program to encourage college graduates with agriculture-related training to work in grassroots extension agencies. Promote technological innovations for agricultural machinery. Promote agricultural mechanization.

Vigorously promote mechanical tillage and support use of machinery in operations such as straw recycling and rice planting. Build state-level demonstration sites for modern agriculture.

11. Improve the market system for agricultural products. Formulate a national plan for wholesale markets of agricultural products, support the upgrading and renovation of major wholesale markets, implement preferential policies for agricultural wholesale markets with regard to land use, and build a large agricultural market with smooth circulation. Strengthen construction of storage facilities for agricultural commodities such as grains, cotton, oil and sugar. Improve cold chain logistics for perishable products. Provide support to large agriculture-related enterprises to build facilities for distributing agricultural products. Expedite the development of agricultural futures market, gradually increase the number of commodities traded, and encourage producers to mitigate market risks through futures trading. Encourage the use of agricultural exhibitions for marketing. Continue to implement the special program in support of upgrading 200 agricultural wholesale markets and 400 county and township markets. Promote direct connection between agricultural production bases and supermarket chains, schools and large enterprises to simplify distribution and reduce costs. Cultivate agricultural product brokers. Make full use of geographical indications and trade marks to promote agricultural product with regional features. Enhance monitoring of market trends and information services. Continue to improve the national “green passage” policy for perishable agricultural products.

12. Build a solid ecological security shield. Consolidate results achieved from the national program in converting farmland land to forest land. In ecologically fragile regions and regions of great ecological importance, increase the area for the farmland conversion in combination with poverty reduction and reservoir resettlement. Extend the implementation cycle of natural forest protection program and formulate implementation method as soon as possible. Continue with the implementation of ecological projects such as the “three north shelterbelt protection” (san bei), coastal shelterbelt protection and the Yangtze River protective forest systems, the rehabilitation of sand storms source areas in Beijing and Tianjin, as well as wetland protection and restoration programs. Coordinate the biological preservation and construction in the three-river-headwaters area in Qinghai Province. Make greater effort to raise funds for ecological benefit compensation for forest, grassland and wetland. From 2010 on, raise ecological benefit compensation standards for collectively owned public welfare forest at the national level. Establish a subsidization system for forest planting, tending, protection and management. Launch pilot programs for subsidizing planting seedlings and forest tending activities. The central budget will be allocated to subsidy the use of the production of improved forest species and tending of middle and young plantations and low yield plantations. Make plans for the protection and use of forest land, launch the forest management project, enhance forests’ ecological functions, and increase the total output of forest land. Vigorously increase forest carbon sinks. Earnestly strengthen ecological protection of grassland. Improve implementation of the “returning grazing land to grassland” program, extend program duration, and reasonably raise the subsidies. Enforce the grass-livestock balance regulations, continue to implement rotational grazing, develop livestock-raising in pens and sheds, and improve water management for fodder crop and grassland. Move

ahead with the Tibet Grassland Ecological Protection Reward Mechanism pilots. Strengthen grassland rat and insects control. Strengthen the development of grassland supervision and administration system and strengthen law enforcement. Implement national priority projects for water and soil retention and speed up the rehabilitation of Karst regions in the south. Launch integrated rehabilitation of hillside farmland rehabilitation to prevent soil erosion and build clean small watersheds. Strengthen control of agricultural non-point pollution. Develop recycle agriculture and ecological agriculture.

III. Accelerating the improvement of people's livelihood in rural areas to narrow down the gap in public utility development between urban and rural areas.

13. Increase farmer employment and help them start their own businesses. Build a public employment service system that covers both the urban and rural areas. Carry out agricultural technological training and alternative vocational training to enhance farmers' capacity in scientific farming and other employment. Develop high-value agriculture and integrated forestry-crop–livestock operations based on local conditions. Upgrade township and village enterprises (TVEs) and adjust their industrial structures, support the development of agro-processing industries, and actively develop agricultural tourism, forestry tourism and rural service industry so as to expand opportunities for non-farm employment in rural areas. Improve policy measures to encourage rural residents to start their own businesses. Migrant workers that have returned to the countryside and local farmers are both covered by the support policies. Improve guidance and services to help farmers seek employment in other regions, safeguard the legitimate rights of migrant workers and facilitate the smooth and orderly transfer of rural labor to cities. Improve social security system for migrant workers and extend the coverage of work injury insurance to all migrant workers. Strengthen the prevention and control of vocational diseases and provide health services for migrant workers. Migrant workers who have established a stable employment relationship with enterprises should be included in urban worker basic medical insurance program. Make sure that the urban worker basic old-age insurance (covering migrant workers) can be transferred across provinces. Solve the education problem of children of migrant workers by mainly relying on public schools and supplemented by other support from the receiving cities. Pay attention to and care for children left in the countryside by their parents.

14. Improve rural education, medical service, and cultural undertakings. Consolidate and improve rural compulsory education funding mechanism and implement teacher training system and performance-based salary system. The spatial distribution of rural schools should be such that it's convenient and safe for students to go to school. Continue to implement the middle school and primary school "safe school building project." Gradually improve student nutrition in poverty-stricken rural areas. Vigorously develop secondary vocational education and continue to move towards free secondary vocational education in rural areas. Further improve the three-tiered rural medical service network. Implement performance-based salary in township clinics and subsidies for village doctors for providing public health services. Gradually implement the plan to train general practitioners specifically for rural areas and recruit licensed medical professionals. Improve maternal and child care and disease prevention. Strengthen supervision of food and drugs in rural

areas. Actively develop distance learning and distance medical service for rural areas. Maintain low birth rate in rural areas and continue to implement the new family planning policy. Improve award and assistance programs for some families complying with the family planning policy. Strengthen family planning service for mobile populations. Establish a stable funding mechanism for rural cultural undertakings. Continue to work to bring television and radio broadcasting to all villages. Promote cultural information resource sharing and integrated utilization of township cultural stations, film showings and rural bookstores. Carry out cultural and sport events for the masses.

15. Improve social security for rural residents. Gradually raise the level of funding, government subsidy and level of care of the new rural cooperative medical system. Link policies on new rural cooperative medical system, rural medical assistance, urban resident basic medical insurance and urban employee basic medical insurance systems. Continue with the pilot program on rural old-age insurance. Certain places with ripe conditions can speed up the piloting process. Encourage rural residents in the pilot areas to participate in the program and make sure those old residents who satisfy specific conditions can receive old-age pensions on time and in full amount. Set reasonable minimum rural standard of living and corresponding subsidy level and all those eligible for this subsidy should be covered. Implement and improve social security policies for farmers that have lost land to acquisition. Improve short-term aid system. Gradually raise the level of care for rural residents under the “five guarantee” (wubao) program. Build homes for the aged in rural areas and develop related services. Explore effective methods to address the issue of an aging rural population. Increase support and assistance to rural residents with disabilities in their production and life. All social security schemes in the rural areas should give priority to people with disabilities. Manage disaster prevention and mitigation in rural areas.

16. Strengthen the construction of water supplies, power supplies, roads, gas supplies and housing. Provide guidance to the planning for constructing the “the new countryside” -- villages should have sound layout and complete functions. Put more resources into the “rural safe drinking water project”. Strengthen water resource protection, water quality monitoring and project management. Encourage localities, if feasible, to build integrated water supply systems that cover both urban and rural areas. Given the trend of rapid increase in rural electricity demand, a new round of rural power grid upgrading needs to be implemented speedily to improve the reliability and capacity of power supply for rural areas. Continue to implement the “small hydropower for fuel” project and build more “new socialist countryside counties with hydro power for rural electrification.” Complete rural road construction plans under the 11th Five-Year Plan, clarify responsibilities for rural road maintenance, and push for integrated urban-rural passenger transportation. Speed up the construction of biogas projects, including household-based biogas, large- and medium-sized biogas and concentrated biogas supply projects. Promote innovation in biogas technology and improve biogas maintenance services. Support the development of new energy sources and promote the use of agricultural waste as resources. Speed up the renovation of dangerous buildings in rural areas and the rebuilding of shanty towns in state farms and forest farms. Continue to implement the herdsmen settlement program. Given the rapid rise in rural housing construction and ample supply of construction materials,

supporting farmers to build houses is a major measure to boost domestic demand. Take effective measures to increase building material sales in the countryside and encourage local governments to support farmers to build housing for their own use. Strengthen township and village planning and guide farmers to build safe, energy-efficient, environment-friendly housing with local, ethnic or traditional characteristics. Steadily push for comprehensive rural environment improvement. Carry out pilot projects in rural sewage system and river dredging and improve garbage and waste water management, so as to improve the overall living environment in the countryside. Take effective measures to prevent industrial waste from spreading to rural areas. Improve telecommunication and internet infrastructure in rural areas and improve the comprehensive rural information service system.

17. Continue the development-oriented poverty reduction work. Stick to the principle of “poverty reduction through development,” increase resource input, and gradually expand the pilots on linking poverty reduction to minimum living standards subsidy. All low-income rural residents are to be covered by the poverty reduction policies, with a focus on building their own capacities to get out of poverty. Make sure that the growth rate of per capita rural income in the priority poverty reduction counties is higher than the national average. Make more efforts in implementing various poverty reduction programs such as “whole village advancement,” rural labor training and transfer, poverty reduction through industrialization, and work-for-relief, so as to speed up infrastructure construction and the development of social undertakings in poverty-stricken areas. Carry out poverty reduction by relocation actively yet cautiously, and properly solve problems after resettlement. Carry out comprehensive management in poverty-stricken areas with special conditions. Expand the pilot programs in village-level mutual aid fund, regional development, and a lottery fund in support of the development of former revolutionary bases. Mobilize resources from all walks of life to contribute to poverty reduction. Actively carry out international exchange and cooperation in the field of poverty reduction. Formulate the guidelines for development-oriented poverty reduction in the next 10 years and make related plans.

IV. Promoting urban-rural reform in a coordinative way to enhance the impetus of agricultural and rural development.

18. Maintain and further improve the basic rural economic system. Further improve laws, regulations and policies regarding rural land contracting and formulate detailed methods to ensure the existing land contracting relationship remain stable and unchanged in a long time. Manage well the land contracting administration, and make sure that the four elements in the land contract system – land, area, written contract, and certificate – are received by the households. Expand the pilot program for contractual land use right registration and provide necessary funding for work in this regard. Strengthen regulation on the transfer of land use right and related services, improve land transfer market, and develop moderately large-scale operation of various forms on the basis of voluntary land transfer. Strictly enforce the Law on Mediation and Arbitration of Disputes over Contracted Rural Lands, and establish an arbitration system as soon as possible. Continue to carry out the grassland basic management system reform. Maintain

fishermen's right to use water surface for aquaculture. Encourage localities with ripe conditions to carry out reforms with regard to the rural collective property right system.

19. Push forward on the rural land administration system reform in an orderly manner. Resolutely defend the "red line" for farmland. Establish a land protection compensation system. Designate essential farmland for permanent protection. Implement the farmland protection responsibility and accountability system at various levels of government, and audit, supervision and personnel departments of the upper-level government (CPC organizations) will conduct auditing and evaluation. Speed up registration and certificate issuance for collectively owned land, residential housing land, and collective construction land. Work expenditure in this regard should be included in government budget. Try to reach the target of issuing collective land ownership certificate to every rural collective economic entity entitled to the ownership within 3 years. Carry out rural land consolidation in an orderly manner. Strictly limit the practice of "linking the decrease and increase of construction land in urban and rural areas" to the pilot program. Land transfer quota should be included in annual land use administration plan. Residential housing land and land saved from village land consolidation still belong to the farmers' collectives. Make sure that total urban and rural construction land does not exceed the ceiling. Ensure the quality of reclaimed land and protect farmers' rights and interests. Regulate pilot programs on rural land management system reform following the principles of "strict review and screening, small scale pilot, isolated operation, and manageable risks." Speed up the process of revising the Land Administration Law.

20. Vigorously raise the level of organization of agricultural production and operation. Encourage family-based operations to adopt more advanced technologies and promote cooperation and consolidation among farmer households, so as to have a diverse agricultural operation system. Strengthen rural collective economic entities to effectively provide a wide range of services to farmers. Vigorously develop farmer professional cooperatives, push forward on building demonstrative cooperatives, and provide subsidies to co-ops that provide good services and have effective democratic governance. Loan guarantee firms sponsored by various levels of government should include farmers' co-ops as their target clients. Support some cooperatives with necessary conditions to launch credit co-op services. Provide assistance to farmers' cooperatives to establish their own agro-processing enterprises. Actively develop all kinds of market-based service providers to provide convenient, efficient, low-cost and high-quality services to farmers. Support "dragon-head" enterprises in expanding their outreach to farmers. Increase the earmarked funds for agricultural industrialization, support the construction of standardized production bases, and build demonstration zones for agricultural industrialization. Make progress in the "one featured product for each village to enrich farmers and strengthen villages" program and build demonstration villages for specialized production.

21. Actively promote forestry reforms. Improve the forestry support and protection system and establish modern forestry administration system. Deepen reforms on the collective forest tenure system with a focus on clarifying ownership and household contracts. Speed up other supplementary reforms. Regulate the transfer of collective forest tenure rights, and support the establishment of professional

cooperatives consisting of forest farmers. Deepen reforms on logging management for collective forest and build a new mechanism for logging management and a new system for sustainable forest management. Improve the method for using forest tenure as collateral to get loans. Build a property appraisal system for forest resources as well as an appraiser system. Gradually expand the coverage of the forest policy insurance pilot program. Support the development of forest industries and increase forest farmers' income. Launch pilot programs for state-owned forest farm reform and support infrastructure construction in state-owned forestry farms. Carry out pilots on the reform of administration of state-owned forests and state-owned forestry resources.

22. Continue to deepen comprehensive rural reforms. Carry out further reforms of township administrative institutions. Continue to implement fiscal system reforms that put counties directly under the provinces and raise the fiscal capacity of counties and townships. Implement policies to ensure funding for the operations by village-level organizations. Following relevant plans and requirements, the central government and provincial governments will continue to provide funding for payment of debt accumulated from implementing rural compulsory education. Carry out pilot programs for solving other rural debts from offering public services and prevent new debt from occurring. Explore effective mechanisms for village-level public service provision under the principles of "government guidance, farmers' voluntary participation, controlling upper limit, and subsidized by public finance." Carefully summarize experiences from the "case-by-case approval with subsidies from public finance" system for village public services or undertakings. Increase size of subsidies, and scale up the pilot scope. Continue to address the issue of farmers' burdens and prevent any rebound in farmers' burdens. Implement policies for reforming the Supply and Marketing Cooperatives, strengthen lower level branches, and strengthen the service functions of county-level branches. Deepen state farm reform by separating the social functions from the enterprises and improving social security systems. Strengthen guidance to rural reform pilot areas.

23. Promote institutional innovation for urbanization. Actively and steadily push for urbanization. Improve the quality of urban planning and urban development, with a special focus on the development of medium and small cities and small towns. Deepen resident registration system reform and speedily implement the policy that relaxes requirements for establishing residency in medium and small cities and small towns – particularly county seats and central townships. Rural residents who meet the requirements can move to urban areas and have equal rights and benefits with existing residents. Improve housing conditions for migrant workers through various means. Encourage cities to bring under their urban housing security system migrant workers that have stable employment in the city and have lived in the city for a certain amount of time. Take targeted measures to address the issue of the new-generation migrant workers. Systematically study the new problems and issues that may arise in both urban and rural areas after the permanent move of migrant workers into cities. Vigorously develop county-wide economy. Take the opportunity of industrial relocation, promote featured industries and competitive projects to move to county seats and central townships, increase their carrying capacities, and speed up the transfer of rural population to small towns. Improve policies in support of small township development, such as fiscal policies and

investment and financing policies. Support the development of medium and small cities and small towns in annual land use planning. Land saved from village land consolidation should be used, first of all, to supplement farmland. The part that is turned into construction land should be included in the annual land use plan, and should be primarily used for industrial development, so that farmers can conveniently find jobs locally. Continue with the “empowering counties” reform pilots. Promote administrative reforms in townships with fast economic growth and strong population carrying capacity. Delegate more administrative powers to such townships to meet the need for economic and social development.

24. Raise the level of agricultural opening-up. Support expanding export of competitive agricultural products. Provide convenient and preferential treatment in terms of customs clearance and inspection and quarantine. Push forward the establishment of a traceability system for agricultural products and support the creation of for-export production bases. Promote innovation in agricultural export credit and explore the possibility of building a risk management mechanism combining export credit insurance and agricultural insurance. Take a proactive approach in addressing international trade barriers and support industrial associations and dragon-head enterprise defending their interests. Develop international agro-processing trade by taking advantage of special customs supervision zones and export processing logistics. Strengthen international cooperation in agricultural technology and agricultural resource development. Formulate policies to encourage some enterprises to “go out.” Guide foreign investment to industries that fit our development strategies. Raise the level of foreign fund utilization. Strengthen management and control of agricultural export and import, adopt a flexible and efficient agricultural trade policy, and build a monitoring and early warning system for export and import of agricultural products and inputs. Forcefully crack down smuggling of agricultural products. Earnestly strengthen quality supervision over agricultural imports exports.

V. Strengthening the Communist Party’s grassroots organizations in rural areas and consolidating the ruling basis of the CPC in rural areas.

25. Strengthen and improve grassroots Party construction in rural areas. Promote innovation in grassroots Party work, expand the Party organization’s coverage in new rural organizations, and build branches of the Party in farmer cooperatives, associations, and places with high concentration of migrant workers. Select competent township Party Secretaries and supporting members of township Party Committees. Raise the quality of village-level Party organizations, and give priority to veterans, young migrant workers that returned to the countryside, and party members with high “getting-rich abilities” in selecting village Party secretaries. Strengthen supervision over the Party organization’s leadership in township and village levels and make quick adjustment if the Party organization is weak. Implement policies that provide preferential treatment in terms of salary and benefits to cadres that work in the grassroots and in remote areas. Further improve the “one specification, three have” policy (specified responsibilities and objectives, have secure income, have hopes for promotion, and have pension after retirement) for village cadres. Select outstanding village cadres for public servant positions in townships

and as candidates for township officials. Establish a stable system to guarantee funding for grassroots Party organizations. Speed up construction of venues for village-level Party organization's activities and a network for Party members' distance education. Continue to select college graduates to take positions in villages. Strengthen the Party's work among migrant workers. Educate Party members about the nature and rules of the Party and promote clean governance at the grassroots level in rural areas.

26. Continue to improve grassroots governance in rural areas that are suitable for China's national conditions. Develop and improve village-level democratic self-governance led by the Communist Party, and establish standardized procedures for democratic village election, democratic decision-making, democratic administration, and democratic supervision. Learn from experiences from various places, promote the practice that, for major village issues, the village Party Branch will make a proposal, the Party Branch Committee and the village committee will have joint discussions, all Party members of the village will meet to review the issue, and villager representative meeting or villager meeting will reach a decision. The decision will be public and outcomes from implementation will also be made public. Strengthen leadership and guidance to elections of village Party branches and village committees, and strictly punish actions such as soliciting votes and bribing voters to ensure smooth and orderly elections. Prevent religious and clannish forces from intervening rural public affairs. Strengthen management of collective funds, assets and resources and enhance transparency of village affairs. Strengthen the construction of service facilities and build community organizations that provide public services and facilitate mutual assistance. Strengthen the social management and public service functions of township governments and build comprehensive service platforms. When feasible, townships should set up service centers and villages should set up service stations to provide one-stop service for farmers.

27. Maintain social stability in rural areas. Improve the Party and government-led mechanism for protecting people's rights and interests and earnestly solve a series of outstanding problems that might hurt farmers' interest, such as land acquisition, pollution, resettlement, and management of collective assets. Strengthen legal education in rural areas, keep an open channel for farmers to petition, and guide farmers to express their demands and protect their rights legitimately and rationally. Make progresses in comprehensive law enforcement with regards to agriculture. Improve public safety in rural areas by relying on the masses. Improve rural policing and forcefully crack down the evil forces, gangs and all kinds of crimes. Strengthen fire prevention and build emergency response systems in rural areas. Comprehensively implement the Communist Party's ethnic policy and religious policy, speed up the economic and social development in minority ethnic regions, and administer rural religious affairs according to law.

Party Committees and governments at various level should strengthen the Party's leadership in rural work from the strategic perspective of promoting overall economic and social development and solidifying the Party's ruling basis. The evaluation of the Party and government leadership should be based on the requirement of scientific development. Grain production, farmers' income increase, farmland protection, environment management, and social harmony and stability – these all should be included as indicators in the performance evaluation systems for Party and government leaders. The importance of rural-related

work should be reflected in the division of responsibilities among the leaders, institutional set-up as well staffing of related agencies. Continuously improve leadership for rural-related work. Rural policies need to be better implemented and special inspections need to be carried out. Leaders at various levels should maintain the Party's good tradition of staying in close touch with the masses and carry out their work creatively. Give full play to the role of democratic parties, people's organizations, social organizations and industrial and commercial enterprises so as to form a powerful force for the development of modern agriculture and the construction of new socialist countryside.

It is of great significance to manage well agriculture and rural-related work in 2010. We shall be united around the Central Committee of the Communist Party headed by Hu Jintao as the Secretary General and strive for new achievements in the work on agriculture and rural development.

*Translation courtesy of the World Bank